

# AGENT@HOME

## The Health of the Home-Based

A look at the market's growth, supplier support, host agencies and more

The good news, according to home-based agents, host travel agency executives and association officials, is that the home-based market continues to grow and travel agents who work from home or other non-office locations are getting increasingly more professional. They also are getting access to increasingly more sophisticated training, technology and marketing tools, especially those who are associated with a good host travel agency.

"I see no indication of the home-based market getting any smaller. In fact, it's getting stronger," says Jackie Friedman, president of Nexion, the large host travel agency that's now part of travel agency conglomerate Travel Leaders Group.

"I believe the home-based agent market continues to grow and it's growing with more strength," says Brad Anderson, co-president of host agency Avoya Travel. "I think there are fewer hobbyists today. Those folks quickly realized that it wasn't going to be [an easy] money maker for them and that it required knowledge, professionalism, integrity and hard work to be a real travel counselor and run your own business."

What may be changing, however, is the source of that growth. Whereas in the past, many home-based agents had come from traditional brick-and-mortar agencies, today increasing numbers of people are coming from outside the travel agency business—so-called "newbies" who are increasingly attracted to the travel industry, often as a second or supplemental career.

"One of the things I'm seeing is less of a migration of brick-and-mortar agents to home-based," says Friedman. "I think a lot of the ones that were going to do that have done it already. More and more I'm seeing people who are coming in for a second career, people transitioning to retirement and even people in retirement. I think the evolution of the industry has made it easier and made it an attractive option for people to get into the business at a very low coast of entry



where they can run their own business relatively quickly."

### SIZING UP THE MARKET

On the other hand, nobody in the business seems to know exactly how many home-based agents are in the market today. Estimates range from about 20,000 to 100,000, if you count part-time home-based agents, many of whom would like to become full-time professionals. For example, Gary Fee, president and founder of the Outside Sales Support Network (OSSN), which has roughly 8,000 agents as members, puts the number of home-based agents at between 50,000 and 60,000.

Betsy Geiser, vice president of host agency Uniglobe Travel Center, says there could be anywhere from 10,000 to 20,000 if you count the number in the large host agencies in the market. "There are 10,000 out there in legitimate host agencies just in our little network in the Professional Association of Travel Hosts (PATH)," she says. And that's not including many brick-and-mortar agencies that have home-based agent programs.

Friedman says the number of professional full-time home-based agents is around 25,000, but says it's a challenge to zero in on an actual number. "There are people who belong to multiple hosts and multiple associations, so you can't add it up because you would be triple and quadruple dipping," she says.

Anderson says the number is somewhere around 50,000, though he also believes there are fewer home-based agents than a few years ago when many multi-level marketing groups had signed up thousands of people for their programs.

Unfortunately, that may be a fact that some suppliers still don't understand because they rely on more traditional methods of counting brick-and-mortar agents, such as the monthly total locations reported by the Airlines Reporting Corp. (ARC).

"Years ago you could count the brick and mortars," says Michelle Fee, president and co-founder of Cruise Planners. "I know the cruise lines feel like the number of agencies is shrinking, but I don't think the industry is shrinking as much as they think it is."

cover focus  
the road from home

BY JAMES SHILLINGLAW

# AGENT@HOME

continued from page 26

We're not even an ARC agency. I think traditional agencies are shrinking, but I think with host agencies out there like Cruise Planners and others are adding new people to the industry. Eight-five percent of the people we bring on are new to the industry. We're bringing in that fresh blood and we're keeping the industry thriving."

Regardless of their overall number, most home-based agents and host agency executives believe the number of leisure-selling home-based agents has surpassed the number of traditional agents selling leisure travel. Home-based agents clearly are the driving distributional force in the sale of vacation travel. "If you look at all the top players in cruise sales, half of them are home-based models," says Fee. "There weren't agencies 20 years ago that did the amount of cruise business we do today. They didn't even exist."

#### HOW SUPPLIERS SEE THE HOME-BASED

Nevertheless, many suppliers do see the value of home-based agents and their power in the market. "I think the majority of suppliers finally do recognize home-based agents," says Geiser. "And they are giving credit where credit is due."

Friedman says travel suppliers have made a point to get educated about the home-based market because they couldn't afford not to. "They can't sit back and take the position that this is not a viable distribution channel, because it really, really is," she says. "The more they attend the various conferences, whether they are individual host agency conferences or industry events, more of those shows specifically target the home-based market."

Friedman also points out that suppliers are getting much more sophisticated in their tools and technology so they can recognize home-based agents at the individual level. They want to do this for a number of reasons, including the ability to compensate their business development managers and see who's actually making the bookings. They also want to recognize the agents who are really producing good revenue for them.

Anderson believes travel suppliers have now completely embraced the home-based market. "I think they rec-

ognize the true professionals," he says. "They understand there are a still lot of hobbyists, folks who want a cheap vacation but don't want to sell anything. But suppliers now recognize the true professional and they want to support them like never before because actually a lower cost of sale than having a salesperson call on individual brick and mortar agency locations."

Michelle Fee says she started catering to the home-based market 17 years ago when most suppliers didn't even understand the model. "They had no access to our agents back then because of their own technology restraints," she says. "Today most of the cruise lines and even a lot of the tour operators have taken notice and they've built tools to help this market succeed."

Similarly, Anita Pagliasso, president of Ticket to Travel, who started as a home-based agent herself in 1992, says she originally couldn't get suppliers to recognize her because they were afraid of the wrath of the traditional storefront agencies. "Now suppliers are really reaching out through host agencies and other organizations, like the Professional Association of Travel Hosts (PATH) and OSSN," says Pagliasso, who currently serves as PATH president and is director of the Western Region for OSSN.

#### THE IMPACT OF THE RECESSION

Perhaps a good indicator that the home-based and host agency market has truly arrived is that travel suppliers didn't skimp on their support of the market over the past two recessionary years. "Because we're a high-volume agency, we get a lot of attention," says Geiser.

Friedman says suppliers actually invested more to support Nexion programs during the recessionary period. "I think they've realized, especially if they have new product to sell or new ships to fill, that they can't afford to ignore a major part of the distribution system, which the home-based channel represents," she says. "They are looking for ways to reach large numbers in an effective and efficient way."

At the same time, travel suppliers are getting better at measuring how they spend their money and how they provide support to home-based agents and host agencies. "One of

the things that the electronic age has brought is the ability to measure more precisely what the results are," says Anderson. "For those who producing, they're giving a lot more support than they ever have."

#### THE HEALTH OF HOST AGENCIES

A corollary to the success of the home-based market is, of course, the health of the agencies that host them. The host agency market has certainly gotten more competitive over the past few years, according to Geiser, but it remains strong. "You have your large host agencies that cater to everybody, and you have your smaller hosts that handpick their agents," she says. "We're very, very careful as to who we admit to our program."

For his part, Anderson says he doesn't track how the host agency market is faring because Avoya doesn't look at its competitors as being in the same business because, he says, his host agency is the only one that has a Live Leads program that is the core and focus of the whole business. "We're not interested in fees from our independent contractors; we're looking at commissions," he says.

Michelle Fee says it's most likely much harder for new host agencies to get into the business today. "It's a different game than when I came in 17 years ago because you have to play at our level by offering the best technology and some really great marketing support."

As president of PATH, Pagliasso says the host agency market is doing very well overall. "Everybody is expanding, developing new programs, new products and new commission structures," she says. "Within PATH I'm starting to see a lot more networking where we help each other out. Even though we have different models, we have very similar philosophies." On the other hand, Pagliasso says PATH itself doesn't seek to grow its membership at a fast pace because it has some fairly strict criteria. @

*Editor's Note: In part 2 of our examination of the home-based agent market, we'll examine the dangers to that market as well as just how viable a career it offers to those seeking a real economic opportunity. Watch for more on the outlook for the home-based market in our January issue.*

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